

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



July 24, 2003

The Honorable Anthony A. Williams  
Mayor  
District of Columbia  
1350 Pennsylvania Avenue, N.W. , Suite 600  
Washington, D.C. 20004

The Honorable Linda W. Cropp  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, D.C. 20004

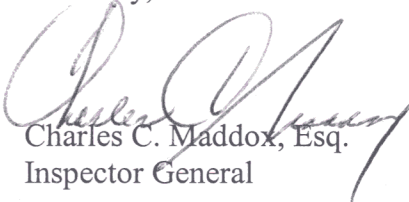
Dear Mayor Williams and Chairman Cropp:

I have received the enclosed Budgetary Comparison Schedule – Governmental Funds and Supplemental Information (with Independent Auditor's Report Thereon) of the District of Columbia Public Schools (DCPS) for the fiscal year ended September 30, 2002. The independent auditor opined that the Budgetary Comparison Schedule presents fairly, in all material respects, the original budget, final budget and actual revenues, expenditures and other sources/uses of the DCPS, which represents a portion of the District of Columbia's General Fund and Federal and Private Resource Fund, for the year ended September 30, 2002.

Within a few weeks, we will issue a report prepared by KPMG, which provides information about DCPS' compliance with laws and regulations and the adequacy of internal controls. The report also will recommend actions to improve DCPS operations.

If you have questions or need additional information, please contact me directly, or have your staff contact William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

  
Charles C. Maddox, Esq.  
Inspector General

Enclosure

CCM/ws

cc: See Distribution List

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**DISTRICT OF COLUMBIA PUBLIC SCHOOLS**

Budgetary Comparison Schedule - Governmental Funds and Supplemental Information

September 30, 2002

(With Independent Auditors' Report Thereon)

# DISTRICT OF COLUMBIA PUBLIC SCHOOLS

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2001 M Street, NW  
Washington, DC 20036

## **Independent Auditors' Report**

To the Members of the Board of Education  
of the District of Columbia:

We have audited the accompanying Budgetary Comparison Schedule – Governmental Funds of the District of Columbia Public Schools (DCPS), which represents a portion of the District of Columbia's General Fund and Federal & Private Resources Fund, for the year ended September 30, 2002. This schedule is the responsibility of the DCPS's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Budgetary Comparison Schedule – Governmental Funds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Budgetary Comparison Schedule – Governmental Funds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the schedule presents only the DCPS's original budget, final budget and actual revenues, expenditures and other sources/uses, which is not a complete presentation of the financial position or changes in financial position of the District of Columbia Public Schools or the District of Columbia. Furthermore, the accompanying schedule presents only a portion of the District of Columbia's General Fund and Federal & Private Resources Fund and it does not purport to, and does not, present the financial position or changes in financial position of the District of Columbia Public Schools or the District of Columbia as of September 30, 2002.

In our opinion, the Budgetary Comparison Schedule – Governmental Funds, presents fairly, in all material respects, the original budget, final budget and actual revenues, expenditures and other sources/uses of the DCPS, which represents a portion of the District of Columbia's General Fund and Federal & Private Resources Fund, for the year ended September 30, 2002, in conformity with accounting principles generally accepted in the United States of America.





Our audit was conducted for the purpose of forming an opinion on the Budgetary Comparison Schedule – Governmental Funds. The Schedule of Expenditures – Budget and Actual – Governmental Funds – Organization is presented for purposes of additional analysis and is not part of the Budgetary Comparison Schedule – Governmental Funds. The Schedule of Expenditures – Budget and Actual – Governmental Funds– Organization has been subjected to the auditing procedures applied in the audit of the Budgetary Comparison Schedule – Governmental Funds and, in our opinion, is fairly stated in all material respects in relation to the Budgetary Comparison Schedule – Governmental Funds taken as a whole.

KPMG LLP

January 24, 2003

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**DISTRICT OF COLUMBIA PUBLIC SCHOOLS**  
 Budgetary Comparison Schedule - Governmental Funds  
 Year ended September 30, 2002  
 (In thousands)

	Local Fund			Variance
	Budget			Positive
	Original	Final	Actual	(Negative)
<b><u>REVENUES AND OTHER SOURCES:</u></b>				
LOCAL REVENUES - 2002	\$ 648,858	739,484	739,484	-
LOCAL REVENUES - 2003	-	1,527	1,527	-
CHARGES FOR SERVICES	-	-	-	-
MISCELLANEOUS	-	-	-	-
OTHER SOURCES	-	-	-	-
FEDERAL CONTRIBUTIONS	-	-	-	-
OPERATING GRANTS	-	-	-	-
INTERFUND TRANSFER	-	-	9,000	9,000
TOTAL REVENUES AND OTHER SOURCES	648,858	741,011	750,011	9,000
<b><u>EXPENDITURES AND OTHER USES:</u></b>				
<b><u>PERSONAL SERVICES</u></b>				
REGULAR PAY	297,517	372,099	348,544	23,555
TEMPORARY PAY	34,229	69,531	79,621	(10,090)
ADDITIONAL GROSS PAY	6,920	7,154	21,395	(14,241)
FRINGE BENEFITS	50,065	47,431	46,643	788
<b><u>OTHER THAN PERSONAL SERVICES</u></b>				
SUPPLIES	13,315	16,778	16,153	625
UTILITIES	25,247	24,554	29,138	(4,584)
TELECOMMUNICATIONS	4,575	5,492	1,331	4,161
RENT	6,217	6,315	1,294	5,021
CUSTODIAL	13	33	(413)	446
SECURITY	268	267	150	117
OTHER SERVICES AND CHARGES	43,072	38,592	18,996	19,596
CONTRACTS	54,962	49,211	59,587	(10,376)
SUBSIDIES AND TRANSFER	96,436	94,398	115,635	(21,237)
EQUIPMENT	16,022	9,156	10,664	(1,508)
TOTAL EXPENDITURES AND OTHER USES:	648,858	741,011	748,738	(7,727)
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES - BUDGETARY BASIS</b>				
	\$ -	-	1,273	1,273

See accompanying notes to Budgetary Comparison Schedule - Governmental Funds



Federal, Private, and Other Resources				Total			
Budget		Actual	Variance Positive (Negative)	Budget		Actual	Variance Positive (Negative)
Original	Final			Original	Final		
-	-	-	-	648,858	739,484	739,484	-
-	-	-	-	-	1,527	1,527	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,182	7,092	6,390	(702)	3,182	7,092	6,390	(702)
147,130	149,968	109,155	(40,813)	147,130	149,968	109,155	(40,813)
4,108	7,193	6,868	(325)	4,108	7,193	6,868	(325)
-	-	-	-	-	-	9,000	9,000
<u>154,420</u>	<u>164,253</u>	<u>122,413</u>	<u>(41,840)</u>	<u>803,278</u>	<u>905,264</u>	<u>872,424</u>	<u>(32,840)</u>
32	3,400	9,052	(5,652)	297,549	375,499	357,596	17,903
41,628	44,393	42,868	1,525	75,857	113,924	122,489	(8,565)
2,722	5,011	3,178	1,833	9,642	12,165	24,573	(12,408)
13,886	8,370	5,580	2,790	63,951	55,801	52,223	3,578
5,136	11,732	9,423	2,309	18,451	28,510	25,576	2,934
-	181	172	9	25,247	24,735	29,310	(4,575)
1,304	104	61	43	5,879	5,596	1,392	4,204
-	-	-	-	6,217	6,315	1,294	5,021
-	-	-	-	13	33	(413)	446
-	-	-	-	268	267	150	117
23,845	12,714	2,277	10,437	66,917	51,306	21,273	30,033
11,682	29,768	24,230	5,538	66,644	78,979	83,817	(4,838)
48,185	36,834	18,878	17,956	144,621	131,232	134,513	(3,281)
6,000	11,746	6,321	5,425	22,022	20,902	16,985	3,917
<u>154,420</u>	<u>164,253</u>	<u>122,040</u>	<u>42,213</u>	<u>803,278</u>	<u>905,264</u>	<u>870,778</u>	<u>34,486</u>
-	-	373	373	-	-	1,646	1,646

**Notes to the Budgetary Comparison Schedule – Governmental Funds**  
(Dollars in Thousands)

**(1) Summary of Significant Accounting Policies**

***Background***

The mission of the District of Columbia Public Schools (DCPS and/or the Schools) is to provide a comprehensive system of publicly supported education for students from pre-kindergarten through grade twelve. Services include programs at the elementary, junior and senior high school levels, as well as special education for handicapped students and career training opportunities for adults at career development centers.

The Schools are an independent, but not legally separate, agency of the District of Columbia (District) and are included in the District's budgetary request to the United States Congress (Congress). The School's budget is subject to approval by the Council of the District, and is subject to congressional appropriation as part of the overall budget appropriation for the District government for each fiscal period.

The accounting and reporting policies followed by the Schools in the presentation of the Budgetary Comparison Schedule –Governmental Funds conform to accounting principles generally accepted in the United States of America as applicable to governmental units (GAAP). The following is a summary of the Schools' significant accounting policies.

***Financial Reporting Entity***

The Schools are considered an agency of the District's reporting entity because of its fiscal dependence on the District; significant portions of the School's revenue are received from the District. In fiscal year 2002, the Schools received appropriations from the District representing twenty percent (20%) of the District's total general fund revenue. Further, the Schools are subject to the budgetary procedures followed by the District in its annual request to Congress. As an agency of the District, the financial position and results of operations of the Schools are included in the District's basic financial statements.

The accompanying schedule presents only the DCPS's original budget, final budget and actual revenues, expenditures and other sources/uses, which is not a complete presentation of the financial position or changes in financial position of the District of Columbia Public Schools or the District of Columbia. Furthermore, the accompanying schedule presents only a portion of the District of Columbia's General Fund and Federal & Private Resources Fund and is not intended to present the financial position or changes in financial position of the District of Columbia Public Schools or the District of